

1 **Adopt 2 Cal. Code Regs. Section 18531.6 to read:**

2 **18531.6. Treatment of Debts Outstanding After an Election.**

3 A contribution for an election may be accepted by a candidate for elective state office
4 after the date of the election only as specified in this regulation. For purposes of Government
5 Code section 85316:

6 **DECISION 1 - EFFECTIVE DATE OF STATUTE**

7 **{Decision 1, option a} (a) Pre-2001 Elections Limited.** The contribution limits of
8 Government Code sections 85301 and 85302 apply to contributions accepted by a candidate for
9 elective state office on or after January 1, 2001, including contributions for an election held prior
10 to January 1, 2001. However, Government Code section 85316 does not apply to contributions
11 made to a statewide elective office committee until November 6, 2002.

12 **{Decision 1, option b} (a) Pre-2001 Elections Not Limited, Subject to Conditions.**
13 The contribution limits of Government Code sections 85301 and 85302 apply to contributions
14 accepted by a candidate for elective state office on or after January 1, 2001, as specified below.

15 (1) Government Code section 85316 does not apply to contributions for an election held
16 prior to January 1, 2001 [Decision 1, option (b)(1), subject to the limitations of subdivisions (b)
17 through (h) of this regulation]. The applicable contribution limits, if any, are the contribution
18 limits in effect prior to January 1, 2001 for that election.

19 (2) Government Code section 85316 does not apply to contributions made to a statewide
20 elective office committee formed [{Decision 8, option b} or redesignated pursuant to subdivision
21 (h) of this regulation] for an election for statewide elective office held prior to
22 November 6, 2002, if all the conditions of 2 Cal. Code Regs. section 18536 are met.

1 **DECISION 2 - PER CONTRIBUTOR LIMITS**

2 **{Decision 2} (b) Aggregation of Contributions From the Same Contributor.** For
3 purposes of this regulation and consistent with Government Code section 85306 and Cal. 2 Code
4 of Regs. Section 18536, a contribution made before January 1, 2001 for an election shall be
5 aggregated with other contributions made by the contributor on or after January 1, 2001 for that
6 election.

7 **DECISION 3 - CUMULATIVE TOTALS**

8 **{Decision 3} (c) Cumulative Total Limits.** The cumulative total of contributions
9 accepted pursuant to this regulation for an election **{Decision 3, option a}** may/may not exceed
10 the amount of “net debts outstanding” as defined in subdivision (f) of this regulation.

11 **DECISION 4 - PURPOSE OF CONTRIBUTIONS**

12 **{Decision 4, option a} (d) Conditions of Acceptance.** A candidate for elective state
13 office, including officeholders prohibited by term limits from seeking another term, may only
14 accept contributions pursuant to Government Code section 85316 for payment of net debts
15 outstanding for an election.

16 **{Decision 4, option b} (d)** A candidate for elective state office, including officeholders
17 prohibited by term limits from seeking another term, may accept contributions pursuant to
18 Government Code section 85316 for:

19 (1) Payment of net debts outstanding for an election; and

20 **{Decision 4, option (b)(1)}** (2) Payment of officeholder expenses.

21 **{Decision 4, option (b)(2)}** (2) Payment for officeholder expenses, but only for
22 officeholders prohibited by term limits from seeking another term, who on January 1, 2001, did
23 not have net debts outstanding. Contributions accepted pursuant to this subdivision are subject to

1 the following:

2 (A) The limitations set forth in Government Code sections 85301, 85302 and 85306 and
3 Cal. Code of Regs. section 18536; and

4 (B) The contributions may only be accepted in an amount {Decision 4, option (b)(2)(A)}
5 necessary to cover current officeholder expenses {Decision 4, option (b)(2)(B)} not to exceed
6 [\$5,000/\$10,000, _____] at any one time.

7 {Decision 4, options (b)(1), (b)(2)} (3) An “officeholder expense” means an
8 expenditure that bears either a reasonable or direct relationship to a legislative or governmental
9 purpose pursuant to Government Code sections 89510-89518 and which will directly assist the
10 officeholder to further his or her official duties. An expenditure that bears a reasonable or direct
11 relationship to a political purpose shall not be considered an officeholder expense for purposes of
12 this regulation. An expense paid by the officeholder’s government agency, or reimbursed by the
13 agency, is not an “officeholder expense.”

14 **DECISION 5 - FUNDRAISING COSTS**

15 {Decision 5} (e) In addition to any amount allowable under this regulation, a candidate
16 for elective state office may raise an additional sum in an amount necessary to cover fundraising
17 costs.

18 **DECISION 6 - DEFINITION OF NET DEBTS OUTSTANDING**

19 {Decision 6} (f) For purposes of this section, “net debts outstanding” means the total
20 amount of unpaid debts, loans and accrued expenditures incurred with respect to an election, less
21 the sum of:

22 (1) The total cash on hand available to pay those debts and obligations, including:
23 currency; balances on deposit in banks, savings and loan institutions, and other depository

1 institutions; traveler's checks; certificates of deposit; treasury bills; tangible assets, including, but
2 not limited to, computers, printers, copiers, and telephones valued at fair market value; and any
3 other committee investments valued at fair market value; and

4 (2) The total amounts owed to the candidate or political committee in the form of credits,
5 refunds of deposits, returns, or receivables, or a commercially reasonable amount based on the
6 collectibility of those credits, refunds, returns, or receivables.

7 The amount of the net debts outstanding shall be reduced as additional funds are received.
8 The candidate and his or her authorized controlled committee(s) may accept contributions made
9 after the date of the election if such contributions are designated in writing by the contributor for
10 that election and if such contributions do not exceed the reduced amount of net debts outstanding
11 on the date the contribution is received. Any contribution that exceeds the amount of net debts
12 outstanding shall be returned pursuant to 2 Cal. Code Regs. section 18531 [{Decision 4, options
13 (b)(1), (b)(2)} or used for allowable officeholder expenses].

14 **DECISION 7 - CONDITIONS ON TRANSFERS**

15 {Decision 7, option a} (g) Prior to transferring any campaign funds, including cash on
16 hand, to a new controlled committee pursuant to Government Code section 85306 and 2 Cal.
17 Code Regs. section 18536, all outstanding debts must first be paid, with the exception of any
18 personal loans from the candidate to his or her controlled committee.

19 {Decision 7, option b} (g) A candidate shall not be required to pay all outstanding debts
20 prior to transferring any funds to a new controlled committee pursuant to Government Code
21 section 85306 and 2 Cal. Code Regs. section 18536.

1 **DECISION 8 - RE-ELECTION**

2 **{Decision 8, option a}** (h) If a candidate for elective state office has net debts
3 outstanding after an election and the candidate intends to run for re-election, the candidate must
4 establish a new controlled committee for his or her next election.

5 **{Decision 8, option b}** (h) If a candidate for elective state office has net debts
6 outstanding after an election, a candidate who intends to run for re-election may, subject to all
7 other provisions of this title, redesignate the committee with outstanding debt for the new
8 election.

9
10 NOTE: Authority cited: Section 83112, Gov. Code. Reference: Section 83 of
11 Proposition 34, and Sections 85201, 85301-85302, 85306, 85316, 85317, Gov. Code.